

## REMARKS

The examiner objected to Figures 3-4, requesting that they be labeled as prior art. Although Figures 3-4 each contain a majority of components which are known in the art, applicant avers that the Central Controller 200 and the connection thereto are not prior art. Contrary to the examiner's assertions, applicant did not state that Figures 3-4 are prior art on page 13 lines 16-19 of the specification. Rather, the Figures are stated to pertain to "one embodiment of the current invention." Specification, p. 13 l. 17. Applicant respectfully requests the examiner to reconsider his objection of Figures 3-4.

Without waiver of the doctrine of equivalents, apparatus claims 1-18 are cancelled. New method claims 19-34 are added which generally capture the substance of cancelled apparatus claims 1-18. However, independent claim 19 contains the additional limiting steps of conducting student transactions at both an educational institution and at a vendor. These two limitations are functionally involved in the elements of the recited method claim. The limitations are not disclosed in Lotvin et al. (U.S. 5,907,831), as Lotvin does not teach that his commerce system is a school commerce system or that the central controller is accessible by a school or school trustee.

Furthermore, claim 19 requires that the transferring of funds from the parent third party account to the student account is controlled only by the parent-entered spending restrictions. Contrarily, Lotvin teaches that the student must take the affirmative steps of completing lessons in order to be awarded points which can be redeemed for goods. The claimed invention is unobvious over the Lotvin system, as the Lotvin system defeats the objective of the present invention – to create a more convenient payment form and a less cumbersome way for children to fund their everyday needs. Specification, p. 3 ll. 9-11. It certainly hampers a child's ability to

fund everyday needs if she must first complete a lesson in order to make her purchase, for example, her lunch.

Therefore, applicant believes that claims 19-34 are new and unobvious over the cited prior art. Allowance of the claims and passage of the application to issue are respectfully requested.

Respectfully submitted,

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Date: May 23, 2005